

September 19 2008

To the Board of Education
Saugatuck Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Saugatuck Public Schools for the year ended June 30, 2008, and have issued our report thereon dated September 19, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 1, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on July 1, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Saugatuck Public Schools are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2008. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the depreciation and amortization for the government-wide statements. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the excess of expenditures over appropriations in Note 2 to the financial statements. According to Michigan law, expenditures should not exceed appropriated amounts. The excess reported in the current year was not material.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 19, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. This information is intended solely for the use of the Board of Education and management of Saugatuck Public Schools and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

DeLong & Brower, P.C.

DeLong & Brower, P.C.

Certified Public Accountants

SAUGATUCK PUBLIC SCHOOLS
FINANCIAL REPORT
WITH SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	Page 1
ORGANIZATIONAL DATA	Page 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	Page 4
BASIC FINANCIAL STATEMENTS	
District-wide Financial Statements:	
Statement of Net Assets.....	Page 11
Statement of Activities.....	Page 12
Fund Financial Statements:	
Governmental Funds:	
Balance Sheets.....	Page 13
Reconciliation of Balance Sheets of Governmental Funds to Net Assets.....	Page 14
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	Page 15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	Page 16
Fiduciary Fund:	
Statement of Fiduciary Net Assets.....	Page 17
Notes to Financial Statements.....	Page 18
REQUIRED SUPPLEMENTAL INFORMATION	
Budgetary Comparison Schedule – General Fund.....	Page 33
OTHER SUPPLEMENTAL INFORMATION	
Combining Balance Sheet – Nonmajor Governmental Funds.....	Page 35
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	Page 36
General Fund:	
Schedule of Revenues and Expenditures – Budget and Actual.....	Page 37
Agency Funds:	
Schedule of Changes in Amounts Due To (From) Clubs and Organizations.....	Page 45

INDEPENDENT AUDITOR'S REPORT

Holland, Michigan
September 19, 2008

Board of Education
Saugatuck Public Schools
Douglas, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Saugatuck Public Schools as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards and the standards generally accepted in the United States of America applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Saugatuck Public Schools as of June 30, 2008 and the respective changes in financial position, thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report under separate cover dated September 19, 2008 on our consideration of the Saugatuck Public Schools' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. These reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 4 through 11 and 34 are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Saugatuck Public Schools' basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

DELONG & BROWER, P.C.

Certified Public Accountants

Saugatuck Public Schools

Organizational Data

Board of Education

Steve Hutchins.....	President
Michael A. Van Loon.....	Vice President
Doug Finn.	Treasurer
Anne Wiley.....	Secretary
John Sanford.....	Trustee
Jeff Meyers.....	Trustee
Joan Lamb.....	Trustee

Administrative Staff

Timothy H. Wood.....	Superintendent
Elizabeth Broderick.....	Director of Business / Human Resource Services
Timothy Travis.....	High School/Middle School Principal
Jason Surian	Elementary Principal

District Mission

Prepare students for life

Shared Vision

Support every child

Management's Discussion and Analysis

As management of Saugatuck Public Schools, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2008.

Financial highlights:

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$5,463,682 (*net assets*). Of this amount, \$1,070,368 (*unrestricted net assets*) may be used to meet the District's ongoing obligations for general district programs.
- The District's total net assets increased by \$813,370.
- As of the close of the current fiscal year, the District's governmental funds (excluding the 2008 Capital Project Bond) reported combined ending fund balances of \$2,821,942, an increase of \$439,299 in comparison with the prior year.
- At the end of the current fiscal year, the unreserved undesignated fund balance for the general fund was \$1,579,969 or 18.75% of total general fund expenditures and transfers out.
- General Fund investments for the future were made by spending \$117,997 on school improvements, vehicles and equipment.
- 2008 Capital Projects Bond added net assets of \$10,875,884 for construction in progress for additional classrooms, technology, instructional equipment, and athletic field upgrades to be completed in the 2009-2010 school year.

Overview of the financial statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements including management discussion and analysis, budgetary schedules, and combining statements for non-major and fiduciary funds.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused compensated leave).

Both of the government-wide financial statements display functions of the District which are principally supported by taxes and intergovernmental revenues (governmental activities). The activities of the District include instruction, supporting services, community services, food services, athletics and other services. The District has no business-type activities as of and for the year ended June 30, 2008.

The government-wide financial statements can be found on pages 11 -12 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District fall within the governmental and fiduciary fund type category.

Governmental funds. *Governmental funds* are used to account for essentially the same functions report as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governments' fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The district maintains nine individual governmental funds, and two agency funds reported in combination in these financial statements. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and 2008 capital projects fund, which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. These funds included two debt repayment funds, building and site sinking fund, 2006 capital projects fund, a foods service special revenue fund, athletics special revenue fund, and a community recreation fund. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget, as required under the Uniform Budgeting Act for the general fund, the community recreation fund, and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with the general fund budget.

The governmental fund financial statements can be found on pages 13-16 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Saugatuck Public Schools' own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on page 17 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-31 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements and general fund budget comparison. Combining and individual financial statements and schedules can be found on pages 35-36 of this report.

Government –wide financial analysis

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$5,463,682 at the close of the most recent fiscal year. The timing of debt service payments and depreciation expense of capital assets has a significant impact on this balance.

A portion of the District's net assets reflect investments in capital assets net of related debt (e.g., land, buildings, vehicles, and equipment, less any related debt used to acquire those assets that is still outstanding). In the current year, this amount is \$3,425,701 or 63% of total net assets. The District uses these capital assets to provide services to the students it serves; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Saugatuck Public Schools Statement of Net Assets

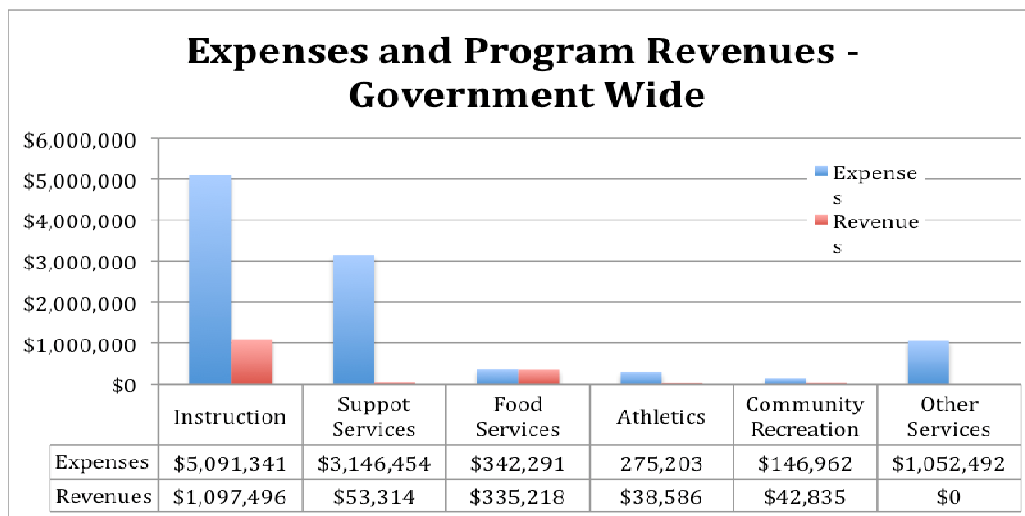
	June 30, 2007	June 30, 2008
Assets		
Current and other assets	\$ 3,898,532	\$15,441,662
Capital assets and construction in process	<u>13,611,733</u>	<u>14,285,719</u>
Total assets	17,510,265	29,727,381
Liabilities		
Current liabilities	1,398,421	1,642,033
Long-term liabilities	<u>11,461,532</u>	<u>22,621,666</u>
Total liabilities	12,859,953	24,263,699
Net Assets		
Invested in Capital Assets – Net of related debt	2,724,178	3,425,701
Restricted	510,607	967,613
Unrestricted	<u>1,415,527</u>	<u>1,070,368</u>
Total net assets	4,650,312	5,463,682
Total Liabilities and Net Assets	<u>\$17,510,265</u>	<u>\$29,727,381</u>

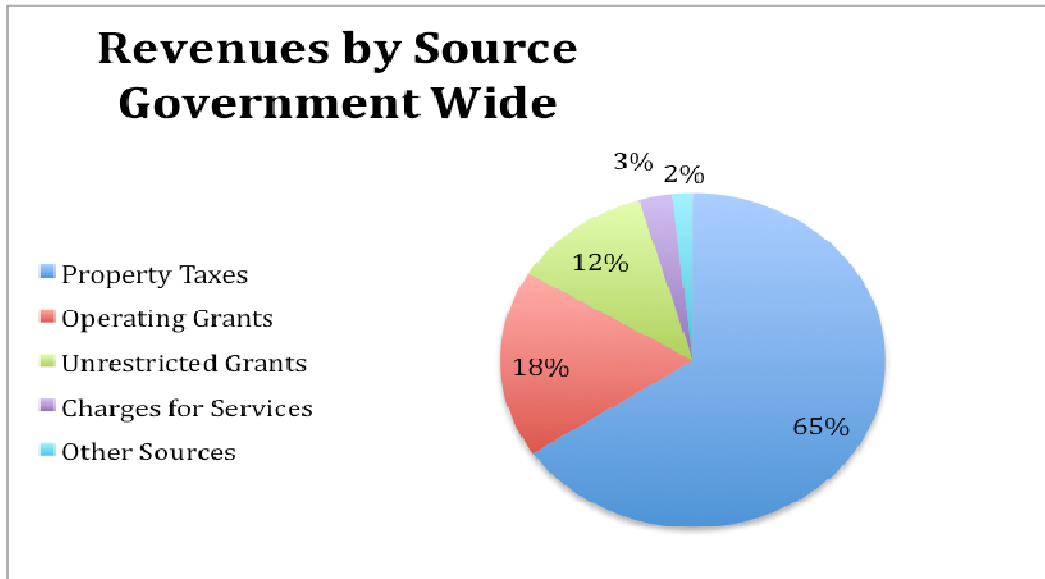
An additional portion of the District's net assets represents resources that are subject to other external restrictions on how they may be used. The remaining balance of *unrestricted net assets* may be used to meet the District's ongoing obligations to its general programs.

Saugatuck Public Schools' Changes in Net Assets

Revenue	<u>June 30, 2007</u>	<u>June 30, 2008</u>
Program Revenue		
Charges for Services	\$319,637	\$295,060
Operating Grants	1,273,119	1,271,589
General Revenue		
Property Taxes	6,150,732	7,081,932
State Aid	2,665,611	1,951,780
Other	<u>150,203</u>	<u>266,952</u>
Total Revenue	\$10,559,302	10,868,113
Functions/Program Expense		
Instruction	\$4,880,035	5,091,341
Support Services	3,086,368	3,146,454
Food Services	314,949	342,291
Building & Site	23,049	0
Athletics	271,112	275,203
Community Recreation	142,197	146,962
Interest on Long-Term Debt	494,494	619,697
Loss on Asset Disposal	58,995	56,519
Amortization	6,123	(79)
Depreciation (Unallocated)	<u>371,198</u>	<u>376,355</u>
Total Expense	\$9,648,520	\$10,054,743
Change in Net Assets	910,782	813,370
<u>Net Assets – Beginning of Year</u>	3,739,530	4,650,312
<u>Net Assets – End of Year</u>	<u>\$4,650,312</u>	<u>\$5,463,682</u>

Governmental activities. Net assets increased by \$813,370. Key elements of this increase are as follows: (the graph below, Expenses and Program Revenues – Government – Wide, does not include general revenues of approximately \$9.3 million, which are not allocated to a specific function)





Financial analysis of the government's funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Government funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, the unreserved undesignated fund balance of the general fund was \$1,579,969. There were no reserved fund balance designations for the general fund as of June 30, 2008. The unreserved fund balance represents 18.75% of total general fund expenditures and transfers out. The board of education has determined that the district shall operate at no lower than 15% of available, undesignated fund balance levels.

The fund balance of the District's general fund increased by \$36,510 during the current fiscal year. The largest revenue source in this fund is property tax revenue, which combined with state aid revenue makes up the District's per pupil allowance for school operations. Expenditures consist primarily of costs associated with instruction and related supporting activities.

The debt service fund has a total fund balance of \$967,613, which increased by \$457,006 during the year.

General fund budgetary highlights

Differences between the original and final amended budgets were caused by revenue that was adjusted throughout the year as actual enrollments replaced projections, grants were approved at new levels, and adjustments in state aid were made – particularly for prior year tax adjustments. Expenditures are adjusted for changes in staffing (staffing levels, compensation based on additional education, and benefits based on changes in family status.) Other expenditures were revised based on year-to-date spending, approved grant levels, and transfers within school/departamental budgets.

Capital asset and debt administration

Capital assets. The Districts' investments in capital assets for its governmental activities as of June 30, 2008 amounted to \$14,285,719 (net of accumulated depreciation). This investment in capital assets included land, buildings, vehicles and equipment.

Capital assets at fiscal year end included the following:

Saugatuck Public Schools' Capital Assets
(Net of depreciation)
June 30, 2008

Capital Assets	June 30, 2007	June 30, 2008
Land	\$473,427	\$555,563
Construction in Progress	0	420,925
Buildings & Other Improvements	12,767,633	12,471,401
Buses and other vehicles	128,141	183,460
Furniture and equipment	<u>242,532</u>	<u>654,370</u>
Total net capital assets	<u>\$13,611,733</u>	<u>\$14,285,719</u>

Additional information on the District's capital assets can be found in Note 4 on page 25 of this report.

Long-term debt. At the end of the current fiscal year, the District had total long-term debt outstanding of \$22,855,049. The District's total debt increased by \$11,143,844 during the current fiscal year, primarily due to the issuance of bonds for the 2008 building projects. Additional information on the District's long-term debt can be found in Note 7 on pages 25 and 26 of this report.

Factors Bearing on the District's Future

The following factors were considered in preparing the District's budget for the 2008-2009 fiscal year:

- A flat enrollment pupil count was used as a balance between the past growth trend and the area's economic and job loss situation.
- A state foundation grant of \$8,834 per student based on anticipated state executive and legislative proposals.
- Federal revenue and expenditures projections were done on a grant-by-grant basis at the 2007-08 levels without any indications of funding changes
- Wage and insurance costs were budgeted at known levels in the cases of health insurance, state retirement and employee group settled wage levels. Costs for other insurances and expenses were based upon market and economic indicators.

Requests for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Director of Business & Human Resource Services
Saugatuck Public Schools
201 Randolph Street
PO Box 818
Douglas, MI 49406

SAUGATUCK PUBLIC SCHOOLS
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental <u>Activities</u>
ASSETS	
Cash and Investments	\$ 14,165,727
Receivables:	
Due from State	386,974
Due from Other Governmental Units	98,555
Accrued Interest	45,873
Inventories	1,977
Prepaid Expenses	8,412
Bond Issuance Costs Net of Amortization	287,644
Deferred Charge Net of Amortization	446,500
Capital Assets less Accumulated Depreciation of \$ 4,401,791	<u>14,285,719</u>
TOTAL ASSETS	<u><u>\$ 29,727,381</u></u>
LIABILITIES	
Accounts Payable	\$ 13,611
Accrued Payroll and Other Expenses	987,581
Deferred Revenue	8,500
Accrued Interest Payable	220,022
Compensated Absences	158,526
Current Portion of Other Liability	74,857
Premium on Bond Issuance Net of Amortization	178,936
Long-term Liabilities:	
Bonds Payable, Due Within One Year	850,000
Bonds Payable, Due in More Than One Year	21,695,000
Other Liabilities	<u>76,666</u>
Total Liabilities	<u>24,263,699</u>
NET ASSETS	
Investment in Capital Assets - Net of Related Debt	3,425,701
Restricted for Debt Service	967,613
Unrestricted	<u>1,070,368</u>
Total Net Assets	<u>5,463,682</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 29,727,381</u></u>

The accompanying notes are an integral part of these statements.

**SAUGATUCK PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008**

	<u>Program Revenues</u>			Governmental Activities
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants/ Contributions</u>	Net (Expense) Revenue and Changes in Net Assets
FUNCTIONS/PROGRAMS				
Primary Government -				
Governmental Activities:				
Instruction	\$ 5,091,341	\$ 57,508	\$ 1,039,988	\$ (3,993,845)
Support Services	3,146,454	5,180	48,134	(3,093,140)
Food Service	342,291	159,243	175,975	(7,073)
Athletics	275,203	38,586	-	(236,617)
Community Recreation	146,962	35,343	7,492	(104,127)
Building and Site	-	-	-	-
Interest on Long-term Debt	619,697	-	-	(619,697)
Loss on Asset Disposal	56,519	-	-	(56,519)
Amortization	(79)	-	-	79
Depreciation (Unallocated)	376,355	-	-	(376,355)
Total Governmental Activities	<u>\$ 10,054,743</u>	<u>\$ 295,860</u>	<u>\$ 1,271,589</u>	<u>\$ (8,487,294)</u>
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				5,215,231
Property Taxes, Levied for Debt Services				1,699,301
Property Taxes, Levied for Sinking Fund				50,626
Property Taxes, Levied for Community Rec.				116,774
State Aid Not Restricted to Specific Purposes				1,951,780
Interest and Investment Earnings				183,056
Other				83,896
Total General Revenues				<u>9,300,664</u>
Change in Net Assets				813,370
Net Assets - Beginning of Year				<u>4,650,312</u>
Net Assets - End of Year				<u>\$ 5,463,682</u>

The accompanying notes are an integral part of these statements.

**SAUGATUCK PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
BALANCE SHEETS
JUNE 30, 2008**

	<u>General</u>	<u>2008 Capital Projects Fund</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and Investments	\$ 2,076,374	\$ 10,830,011	\$ 1,259,342	\$ 14,165,727
Accrued Interest Receivable	-	45,873	-	45,873
Due from Other Funds	14,988	-	-	14,988
Due from State	386,974	-	-	386,974
Due from Other Governmental Units	98,555	-	-	98,555
Inventories	-	-	1,977	1,977
Prepaid Expenditures	8,412	-	-	8,412
TOTAL ASSETS	\$ 2,585,303	\$ 10,875,884	\$ 1,261,319	\$ 14,722,506
LIABILITIES				
Accounts Payable	\$ 9,253	\$ -	\$ 4,358	\$ 13,611
Accrued Payroll and Other Expenses	987,581	-	-	987,581
Due to Other Funds	-	-	14,988	14,988
Deferred Revenue	8,500	-	-	8,500
Total Liabilities	1,005,334	-	19,346	1,024,680
FUND BALANCES				
Reserved for Inventories	-	-	1,977	1,977
Reserved for Encumbrances	-	332,206	-	332,206
Restricted for Debt Service	-	-	967,613	967,613
Unreserved Undesignated	1,579,969	10,543,678	272,383	12,396,030
Total Fund Balances	1,579,969	10,875,884	1,241,973	13,697,826
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,585,303	\$ 10,875,884	\$ 1,261,319	\$ 14,722,506

The accompanying notes are an integral part of these statements.

SAUGATUCK PUBLIC SCHOOLS
RECONCILIATION OF BALANCE SHEETS OF GOVERNMENTAL FUNDS TO NET ASSETS
JUNE 30, 2008

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 13,697,826
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Amounts reported for governmental activities in the Statement of
Net Assets are different because:

Capital assets used in governmental activities are not financial
resources and are not reported in the funds:

The cost of capitalized assets is	\$ 18,687,510	
Accumulated depreciation is	<u>(4,401,791)</u>	
		14,285,719

Bond premium is not included as a liability in the funds.	(178,936)
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Bond issuance cost is not a financial resource and is not reported in the funds.	287,644
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Deferred Charge is not a financial resource and it is not reported in the funds.	446,500
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Long-Term Liabilities and Bonded Debt are not due and payable in the current period and are not reported in the governmental funds:	
Bonds Payable	(22,545,000)
Compensated Absences	(158,526)
Other Liability	(76,666)

Current Portion of Other Liabilities not payable within 60 days of year end that is not reported in the funds.	(74,857)
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Accrued interest payable is not included as a liability in governmental funds	<u>(220,022)</u>
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TOTAL NET ASSETS	<u><u>\$ 5,463,682</u></u>
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The accompanying notes are an integral part of these statements.

**SAUGATUCK PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2008**

	<u>General</u>	<u>2008 Capital Projects Fund</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total</u>
REVENUES				
Local Sources	\$ 5,354,904	\$ 81,996	\$ 2,145,335	\$ 7,582,235
State Sources	2,145,109	-	11,577	2,156,686
Federal Sources	327,339	-	164,398	491,737
Interdistrict and Other Sources	637,455	-	-	637,455
Total Revenues	8,464,807	81,996	2,321,310	10,868,113
EXPENDITURES				
Current				
Instruction	5,096,137	-	-	5,096,137
Support Services	2,934,490	-	-	2,934,490
Food Service	-	-	342,291	342,291
Athletics	-	-	275,203	275,203
Community Recreation	-	-	146,962	146,962
Capital Projects	-	-	-	-
Capital Outlay & Construction in Progress	117,997	1,001,144	122,106	1,241,247
Debt Service				
Principal Retirement	41,238	-	795,000	836,238
Interest and Fiscal Charges	2,301	-	473,093	475,394
Total Expenditures	8,192,163	1,001,144	2,154,655	11,347,962
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	272,644	(919,148)	166,655	(479,849)
OTHER FINANCING SOURCES (USES)				
Operating Transfers	(236,134)	-	236,134	-
Proceeds of Bond Issuance	-	11,984,696	-	11,984,696
Cost of Bond Issuance	-	(189,664)	-	(189,664)
Total Other Financing Sources (Uses)	(236,134)	11,795,032	236,134	11,795,032
NET CHANGE IN FUND BALANCES	36,510	10,875,884	402,789	11,315,183
FUND BALANCES AT BEGINNING OF YEAR	1,543,459	-	839,184	2,382,643
FUND BALANCES AT END OF YEAR	\$ 1,579,969	\$ 10,875,884	\$ 1,241,973	\$ 13,697,826

The accompanying notes are an integral part of these statements.

SAUGATUCK PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 11,315,183

Amounts reported for governmental activities in the Statement of
Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of
Activities, these costs are allocated over their estimated useful lives as depreciation.

Depreciation Expense	\$	(376,355)	
Capital Outlay		1,106,860	730,505

The Statement of Activities reports bond issuance cost as it is amortized over the life of the bond; it is in the governmental funds when paid.	189,664
---	---------

The Statement of Activities reports the amortization of bond premium as it is amortized over the life of the bond; it is in the governmental funds when received.	6,202
---	-------

The Statement of Activities reports amortization of bond issuance cost as it is amortized over the life of the bond; it is in the governmental funds when paid.	(6,123)
---	---------

End of year long-term compensated absences is recorded in the Statement of Activities when it is incurred; it is not reported in governmental funds until paid.	(158,526)
---	-----------

Beginning of year long-term compensated absences is recorded in the governmental funds when paid; it is in the Statement of Activities when incurred.	163,322
---	---------

Repayments of bond principal is an expenditure in the governmental funds but not in the Statement of Activities (where it reduces long-term debt).	795,000
--	---------

Proceeds from bond issuance is revenue in governmental funds but not in the Statement of Activities where it increases long-term debt.	(11,984,696)
--	--------------

Net book value of assets disposed of is recorded as an expenditure in the Statement of Activities; it is not recorded in governmental funds.	(56,519)
--	----------

End of year accrued interest payable is recorded in the Statement of Activities when incurred; it is not reported in governmental funds until paid.	(220,022)
---	-----------

Beginning of year accrued interest payable is recorded in the governmental funds when paid; it is in the Statement of Activities when incurred.	78,020
---	--------

The end of year other liability is recorded in the Statement of Activities when incurred; it is recorded in the governmental funds when paid.	(151,523)
---	-----------

The beginning of year other liability is recorded in the governmental funds when paid; it is in the Statement of Activities when incurred.	112,883
--	---------

CHANGE IN NET ASSETS	813,370
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BEGINNING NET ASSETS	4,650,312
-----------------------------	-----------

ENDING NET ASSETS	\$ 5,463,682
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The accompanying notes are an integral part of these statements.

**SAUGATUCK PUBLIC SCHOOLS
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET ASSETS
YEAR ENDED JUNE 30, 2008**

Agency Fund -
Student Activities

ASSETS

Cash and Cash Equivalents	\$ 142,948
Investments	<u>5,064</u>

TOTAL ASSETS	<u>\$ 148,012</u>
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LIABILITY AND NET ASSETS

LIABILITY

Due to Clubs and Organizations	\$ 148,012
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NET ASSETS	<u>-</u>
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TOTAL LIABILITY AND NET ASSETS	<u>\$ 148,012</u>
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The accompanying notes are an integral part of these statements.

**SAUGATUCK PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Saugatuck Public Schools (the "School") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the School.

Reporting Entity

The Saugatuck Public Schools is the lowest level of government which has oversight responsibility and control over all activities related to public school education in Saugatuck. The School receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the School is not included in any other governmental "reporting entity" as defined in NCGA Statement #3 since School Board members are elected by the public and have decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

District-Wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the district's government-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

District-Wide Statements - The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**SAUGATUCK PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

District-Wide Statements (Continued)

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Fund-Based Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and severance pay, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and therefore have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The fiduciary fund statement is also reported using the current financial resources measurement focus and the accrual basis of accounting.

The School reports the following major governmental funds:

General Fund – The General Fund is used to account for all School resources and expenditures except for those required to be accounted for in another fund.

Debt Service Funds – These funds are used to account for the accumulation of resources for, and payment of, interest, principal and other expenses on general long-term debt

Additionally, the government reports the following fund types:

Special Revenue Funds – These funds are used to account for the operations of School food services, athletics, community recreation and amounts set aside for future capital expenditures.

Capital Projects Funds – These funds are used to account for bond proceeds or other revenue and acquisition, construction or repair of major capital facilities.

Fiduciary Funds – These funds are used to account for assets held by the School in a trustee capacity or as an agent. While they are under the supervision of the Board and enhance the School's educational programs, these funds belong to the individual schools or their student bodies and are not available for use by the School.

**SAUGATUCK PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Assets or Equity

Cash and Investments

Cash and investments include certificates of deposit, money market funds, treasury notes, commercial paper, municipal investment funds as well as deposits in checking and savings accounts. Investments are stated at fair value.

Receivables and Payables

In general, outstanding balances between funds are reported as "due to/from other funds."

Property tax and other trade receivables are shown net of an allowance for uncollectible amounts. For Saugatuck Public Schools' taxpayers in the City of Saugatuck, Saugatuck Township and Laketown Township, properties are assessed as of December 31 but payable in two installments. One half of the assessed property taxes are levied July 1 and become due on September 14. The other half of the assessed property taxes are levied on December 1 and become due on February 14. Amounts uncollected by February 14th are added to the Allegan County delinquent tax rolls. These governmental units represented 100 percent of the District's taxable valuation for the 2007 levy. Historically, in May of each year, Allegan County has annually remitted all delinquent real property taxes to the school from its Tax Payment Fund.

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of State and local sources. Revenues from State sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation is provided from the State's School Aid Fund and is recognized as revenue in accordance with state law and accounting principles generally accepted in the United States of America.

The District also receives revenue from the State to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain categorical funds require an accounting to the State of the expenditures incurred. For categorical funds meeting this requirement, funds received which are not expended by the close of the fiscal year are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

Inventories and Prepaid Items

Inventories are stated at cost, using the first-in, first-out method and are considered expenditures when used. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**SAUGATUCK PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include land, buildings, equipment, and vehicles are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School does not have infrastructure type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	25-50 years
Buses and other vehicles	8 years
Furniture and other equipment	5-20 years

Accumulated Sick Leave and Vacation Liability (Compensated Absences)

Vested or accumulated vacation and sick time that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a liability of the governmental fund that will pay it. Teachers may accrue 190 sick days. Administrative personnel may accrue up to 180 sick days. Teachers do not receive paid vacations. Administrative personnel may carry over up to 30 vacation days that must be utilized within the first month of the new year.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, as revenue or expense during the current period.

Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

SAUGATUCK PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comparative Data/Reclassifications

Comparative data is not included in the School's financial statements.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and State law for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the district to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits districts to amend its budgets during the year. There were some significant amendments during the year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end. The commitments will be re-appropriated and honored during the subsequent year.

Excess of Expenditures Over Appropriations in Budgeted Funds

The School had expenditures in excess of budget as follows:

<u>Fund</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over- Expenditure</u>
Food Service Fund	\$ 333,724	\$ 357,895	\$ 24,171

The Uniform Budgeting and Accounting Act (MCL141.4221) no longer requires districts to adopt a budget for Debt Retirement Funds.

Fund Deficits

The School district had no accumulated fund balance deficits at June 30, 2008.

SAUGATUCK PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 3: DEPOSITS AND INVESTMENTS

As of June 30, 2008, the district had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Certificates of Deposit	Various	\$4,300,064
Money Market	N/A	<u>512,985</u>
Total		<u><u>\$4,813,049</u></u>

Interest Rate Risk

The School has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The district has an investment policy that would further limit its investment choices.

Concentration of Credit Risk

The School places limits on the amount that may be invested with any one issuer.

At year-end, the School's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
Cash and Cash Equivalents	\$ 9,357,742	\$ 142,948	\$ 9,500,690
Investments	<u>4,807,985</u>	<u>5,064</u>	<u>4,813,049</u>
Total	<u><u>\$ 14,165,727</u></u>	<u><u>\$ 148,012</u></u>	<u><u>\$ 14,313,739</u></u>

The breakdown between deposits and investments for the School is as follows:

Deposits (checking and savings accounts)	\$ 9,500,193
Investments (certificates of deposit, money market funds)	4,813,049
Petty cash and cash on hand	<u>497</u>
Total	<u><u>\$ 14,313,739</u></u>

The deposits of the School were reflected in the accounts of the Financial Institutions in the amount of \$ 14,469,664, of which \$ 300,000 is covered by federal depository insurance. The remaining deposits were uninsured and uncollateralized.

State statutes and the School's investment policy authorize the School to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan; the School is allowed to invest in U.S. Treasury or Agency obligations, U.S. Government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchases which mature not more than 270 days after the date of purchases, and mutual funds and investment pools that are composed of authorized investment vehicles. The School's deposits are in accordance with statutory authority.

SAUGATUCK PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 4: CAPITAL ASSETS

Capital Asset activity of the School's governmental activities was as follows:

	Balance July 1, 2007	Additions	Disposals and Adjustments	Balance June 30, 2008
Assets not being depreciated				
Land	\$ 473,427	\$ 82,136	\$ -	\$ 555,563
Construction in Progress	-	420,925	-	420,925
Subtotal	<u>473,427</u>	<u>503,061</u>	<u>-</u>	<u>976,488</u>
Capital assets being depreciated:				
Building and improvements	15,739,935	71,867	(108,900)	15,702,902
Buses and other vehicles	620,585	82,016	(70,467)	632,134
Furniture and equipment	952,185	449,916	(26,115)	1,375,986
Subtotal	<u>17,312,705</u>	<u>603,799</u>	<u>(205,482)</u>	<u>17,711,022</u>
Accumulated depreciation:				
Building and improvements	2,972,302	313,080	(53,881)	3,231,501
Buses and other vehicles	492,444	26,697	(70,467)	448,674
Furniture and equipment	709,653	36,578	(24,615)	721,616
Subtotal	<u>4,174,399</u>	<u>376,355</u>	<u>(148,963)</u>	<u>4,401,791</u>
Subtotal	<u>13,138,306</u>	<u>227,444</u>	<u>(56,519)</u>	<u>13,309,231</u>
Net capital assets	<u>\$ 13,611,733</u>	<u>\$ 730,505</u>	<u>\$ (56,519)</u>	<u>\$ 14,285,719</u>

Depreciation expense was not charged to activities as the district considers its assets to impact multiple activities and allocation is not practical.

SAUGATUCK PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 5: INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of inter-fund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due To/From Other Funds:		
General Fund	Athletic Fund	\$ 14,988
Interfund Transfers:		
Transfer In:	Transfer Out:	
Athletic Fund	General Fund	\$ 236,134

Inter-fund activity primarily consists of the payment of expenses or receipt of revenue within one fund for the benefit of another.

NOTE 6: DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Preschool tuition received and not yet earned	\$ -	\$ 8,500

NOTE 7: LONG-TERM DEBT

The School issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations of and are backed by, the full faith and credit of the School.

Long-term obligation activity can be summarized as follows:

	<u>Balance</u>			<u>Balance</u>	<u>Amount due</u>
	<u>July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2008</u>	<u>Within One</u>
					<u>Year</u>
Governmental Activities					
Bonds	\$ 11,435,000	\$ 11,905,000	\$ 795,000	\$ 22,545,000	\$ 850,000
Installment Loans	72,883	70,000	51,360	91,523	44,857
Other obligations	<u>203,322</u>	<u>60,000</u>	<u>44,796</u>	<u>218,526</u>	<u>188,526</u>
Total governmental activities	<u>\$ 11,711,205</u>	<u>\$ 12,035,000</u>	<u>\$ 891,156</u>	<u>\$ 22,855,049</u>	<u>\$ 1,083,383</u>

SAUGATUCK PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 7: LONG-TERM DEBT (CONTINUED)

Annual debt service requirements to maturity for the above governmental bond obligations are as follows:

	Governmental Activities		
	Principal	Interest	Total
2009	\$ 850,000	\$ 1,049,549	\$ 1,899,549
2010	685,000	897,153	1,582,153
2011	705,000	872,452	1,577,452
2012	725,000	846,353	1,571,353
2013	770,000	818,965	1,588,965
2014-2018	4,660,000	3,582,250	8,242,250
2019-2023	6,420,000	2,481,985	8,901,985
2024-2028	7,730,000	1,008,210	8,738,210
2029-2033	-	-	-
Total	<u>\$ 22,545,000</u>	<u>\$ 11,556,917</u>	<u>\$ 34,101,917</u>

Governmental Activities

General Obligation bonds consist of the following:

2008 Building and Site Bonds consisting of serial bonds due in annual installments of \$ 200,000 to \$ 1,625,000 through 2028; interest at 3.5% to 4.5%.	\$ 11,905,000
2006 Building and Site Bonds consisting of serial bonds due in annual installments of \$ 365,000 to \$ 395,000 through 2009 with interest at 4%.	395,000
2005 Refunding Bonds consisting of serial bonds due in annual installments of \$ 195,000 to \$ 835,000 through 2024; interest at 3.5% to 4.5%.	8,935,000
2002 Refunding Bonds consisting of serial bonds due in annual installments of \$ 280,000 to \$ 315,000 through 2012; interest at 3.45% to 4.0%.	1,150,000
1999 General Obligation Bonds consisting of serial bonds due in annual installments of \$ 135,000 to \$ 160,000 through 2009 with interest at 5.2%.	<u>160,000</u>
Total bonded debt	<u>\$ 22,545,000</u>

Total interest paid on the long-term debt for the year ended June 30, 2008 was \$ 471,309.

SAUGATUCK PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 8: RISK MANAGEMENT

The School is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. These risks were managed through the purchase of commercial insurance coverage.

NOTE 9: DEFINED BENEFIT PENSION PLAN AND POST RETIREMENT BENEFITS

Plan Description

The School participates in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost-sharing, multiple-employer defined benefit public employer retirement system governed by the State of Michigan that covers substantially all employees of the School. The system provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system.

Funding Policy

Employer contributions to the system result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis.

The pension benefit rate totals 17.74 percent for the period from July 1, 2007 through September 30, 2007 and 16.72 percent for the period from October 1, 2007 through June 30, 2008 of the covered payroll to the plan. Basic plan members make no contributions, but Member Investment Plan members contribute at rates ranging from 3 percent to 4.3 percent of gross wages.

Covered payroll and required contributions for the last three years were as follows:

	<u>Payroll</u>	<u>Contribution</u>	<u>Contribution Paid</u>
June 30, 2008	\$ 4,611,677	\$ 782,091	100%
June 30, 2007	4,466,701	777,293	100%
June 30, 2006	4,548,821	727,987	100%

**SAUGATUCK PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 9: DEFINED BENEFIT PENSION PLAN AND POST RETIREMENT BENEFITS (CONTINUED)

Post Employment Benefits

Under the MPSERS Act, retirees and their beneficiaries are entitled to receive comprehensive group medical, dental and vision coverage. A portion of the premium is borne by MPSERS with the remaining amount deducted out of pension benefits provided to retirees and beneficiaries. A retiree is entitled to receive coverage six months after application is made. The funding for the insurance is provided through contributions to the MPSERS as part of the overall pension plan contributions which are determined based upon a percentage of covered payroll as described previously. The School was required to contribute a total of 17.74% of covered payroll for the period beginning July 1, 2007 and ending September 30, 2007 and 16.72% for the period beginning October 1, 2007 through the end of the fiscal year. Of this amount, 6.55% and 6.55% was to fund retiree health insurance benefits, with the remaining 11.19% and 10.17% funding retirement benefits for the three month and nine month periods mentioned above, respectively.

The MPSERS comprehensive annual financial report for the year ended September 30, 2007 stated that total post-employment assets for the year ended September 30, 2007 were \$ 1,287,009,772, liabilities were \$ 510,675,575 and total benefits paid during the year were \$ 590,226,465. A copy of the MPSERS report may be obtained by writing to the Office of Retirement Services, Michigan Public School Employees' Retirement System, P.O. Box 30171, Lansing, Michigan 48909-7671, by calling (800)381-5111, or by visiting the following website: www.michigan.gov/ors.

NOTE 10: SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Litigation

In the normal course of its activities, the School becomes a party to various legal actions. Management of the School is of the opinion that the outcome of such actions will not have a material effect on the financial position of the School and, therefore, has not reflected loss reserves in the financial statements.

Contingent Liabilities

The School participates in a number of federally assisted grant programs, principal of which are the Title I and National School Lunch programs. These programs are subject to program compliance audits on a random basis. No audits of these programs for the current year have been conducted.

SAUGATUCK PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 11: RECLASSIFICATION

Certain amounts shown for June 30, 2007 have been reclassified to conform to the June 30, 2008 presentation in order to provide a more meaningful basis for comparison.

NOTE 12: CAFETERIA PLAN

Effective January 1, 1996, the School adopted a cafeteria plan described in Internal Revenue Code Sec. 125. The plan allows for certain employee choices between taxable and non-taxable benefits.

NOTE 13: SINKING FUNDS

Sinking fund activity is reflected in the 2006 and 2005 Capital Projects Funds on the financial statements. For the year ended June 30, 2008, the School has complied with the applicable provisions of section 1212(1) of the Revised School Code and the applicable section of the Revised Bulletin for School District Audits of Bonded Construction Funds and of Sinking Funds in Michigan.

NOTE 14: 2005 REFUNDING BONDS

On February 14, 2005 and May 23, 2005, the Board of Education of Saugatuck Public Schools authorized the issuance of \$9,035,000 in refunding bonds for the purpose of providing proceeds to place funds into escrow in a sufficient amount to pay the principal, interest, and redemption premium on a portion of the 1999 bond issue. The refunding bonds have been and will be utilized to provide for the payment of interest on May 1 and November 1 in each year from November 1, 2005 through May 2, 2009, and for the call for redemption on May 1, 2009 of the entire outstanding principal amount. The 2005 refunding bonds were issued June 15, 2005 and are payable from ad valorem taxes. This bond issue is comprised of serial bonds maturing May 1, 2006 and May 1, 2010 through May 1, 2024.

The issuance of the 2005 refunding bonds generated a sum total of \$9,602,848 as reflected below.

Par value of bonds	\$9,035,000
Reoffering premium	117,848
Transfer from debt service funds	<u>450,000</u>
Total	<u><u>\$9,602,848</u></u>

The proceeds from the 2005 refunding bonds were utilized as follows:

Deposit in current refunding fund	\$9,486,497
Underwriter's discount	31,713
Cost of Issuance	<u>84,638</u>
Total	<u><u>\$9,602,848</u></u>

SAUGATUCK PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 14: 2005 REFUNDING BONDS (CONTINUED)

The escrow agent will continue to pay the principal on the 1999 serial bonds maturing November 1, 2005 through May 1, 2009.

At the time of the bond refunding transaction, the difference in the total cash flow requirements (including cost of refunding) required by the 2005 Refunding Issue and the cash flow requirements necessary to service the old debt was as follows:

Cash Flow Requirements of Refunded 1999 Bonds	\$16,393,160
Cash Flow Requirements of New 2005 Bonds (includes cost of refunding)	<u>14,086,665</u>
Excess of Cash Flow Requirements of Old Bonds Over Cash Flow Requirements of New Bonds	<u>\$ 2,306,495</u>

The economic gain realized because of the bond refunding transaction was \$ 1,351,574.

NOTE 15: OTHER LONG-TERM LIABILITIES

Other long-term liabilities consist of the following:

Loan Payable to Chemical Bank is secured by a bus and is payable in the amount of \$ 17,667 annually plus interest at 3.79%. The loan matures in November 2008.	\$ 21,523
Loan Payable to Chemical Bank is secured by a bus and is payable in the amount of \$ 23,333 annually plus interest at 4.14%. The loan matures in November 2010.	70,000
Compensated Absences	158,526
Early Retirement Payments	<u>60,000</u>
Totals	310,049
Current Portion	<u>233,383</u>
Other Long-Term Liabilities	<u>\$ 76,666</u>

**SAUGATUCK PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 15: OTHER LONG-TERM LIABILITIES (CONTINUED)

Maturities on other long-term liabilities are as follows:

<u>Year Ended June 30,</u>	
2009	\$ 233,383
2010	53,333
2011	23,333
2012	-
2013	-

NOTE 16: 2008 BUILDING AND SITE BONDS

On February 5, 2008, the Board of Education issued \$ 11,905,000 of general obligation – limited tax - school building and site bonds. The bonds were authorized for the purpose of remodeling and constructing school buildings, athletic fields, playgrounds, and other school facilities. The bond issue is comprised of serial bonds maturing May 1, 2010 through May 1, 2028.

The issuance of the 2008 series bonds generated a sum total of \$ 11,984,696 as reflected below:

Par value of bonds	\$ 11,905,000
Original Issue Premium	79,696
Total	<u><u>\$ 11,984,696</u></u>

The proceeds from the 2008 series bonds were utilized as follows:

Deposit in current project fund	\$ 11,818,352
Cost of issuance	73,000
Underwriter's discount	42,739
Insurance	50,605
Total	<u><u>\$ 11,984,696</u></u>

NOTE 17: SUBSEQUENT EVENTS AND COMMITMENTS

A construction worker was killed shortly after year-end. It is not anticipated that the School will be held liable, however, as the company hired to supervise the construction site was in charge of the site, design, construction sequencing and all other aspects of the work. Both the construction company and the worker's employer carried workers compensation and builders risk policies.

REQUIRED SUPPLEMENTAL INFORMATION

**SAUGATUCK PUBLIC SCHOOLS
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JUNE 30, 2008**

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Over (Under) Final <u>Budget</u>
REVENUES				
Local Sources	\$ 5,348,094	\$ 5,350,447	\$ 5,354,904	\$ 4,457
State Sources	2,104,065	2,145,090	2,145,109	19
Federal Sources	297,476	326,423	327,339	916
Interdistrict and Other Sources	594,900	642,580	637,455	(5,125)
Total Revenues	<u>8,344,535</u>	<u>8,464,540</u>	<u>8,464,807</u>	<u>267</u>
EXPENDITURES - Current				
Instruction:				
Basic Programs	4,354,790	4,460,723	4,427,052	(33,671)
Added Needs	740,300	696,147	669,085	(27,062)
Support Services:				
Pupil	466,130	469,462	465,445	(4,017)
Instructional Staff	406,712	394,596	386,568	(8,028)
General Administration	326,669	331,211	323,752	(7,459)
School Administration	476,783	487,794	481,659	(6,135)
Business Operations and Maintenance	1,271,390	1,291,051	1,277,066	(13,985)
Payments on Long-Term Liabilities	45,000	43,540	43,539	(1)
Capital Outlay	121,600	118,118	117,997	(121)
Total Expenditures	<u>8,209,374</u>	<u>8,292,642</u>	<u>8,192,163</u>	<u>(100,479)</u>
EXCESS OF REVENUES OVER EXPENDITURES	135,161	171,898	272,644	100,746
OTHER FINANCING SOURCES (USES)				
Operating Transfers	(239,830)	(240,415)	(236,134)	(4,281)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(104,669)	(68,517)	36,510	105,027
FUND BALANCE - JULY 1, 2007	<u>1,543,459</u>	<u>1,543,459</u>	<u>1,543,459</u>	<u>-</u>
FUND BALANCE - JUNE 30, 2008	<u>\$ 1,438,790</u>	<u>\$ 1,474,942</u>	<u>\$ 1,579,969</u>	<u>\$ 105,027</u>

OTHER SUPPLEMENTAL INFORMATION

**SAUGATUCK PUBLIC SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008**

	Non-Major Special Revenue Funds		
	<u>Food Service</u>	<u>Athletic</u>	<u>Community Recreation</u>
ASSETS			
Cash	\$ 88,327	\$ 14,988	\$ 126,907
Inventories	1,977	-	-
TOTAL ASSETS	<u>\$ 90,304</u>	<u>\$ 14,988</u>	<u>\$ 126,907</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 4,358	\$ -	\$ -
Due to Other Funds	-	14,988	-
Total Liabilities	<u>4,358</u>	<u>14,988</u>	<u>-</u>
FUND BALANCES			
Reserved for Inventories	1,977	-	-
Restricted for Debt Service	-	-	-
Unreserved Undesignated	83,969	-	126,907
Total Fund Balances	<u>85,946</u>	<u>-</u>	<u>126,907</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 90,304</u>	<u>\$ 14,988</u>	<u>\$ 126,907</u>

Non-Major Debt Service Funds		Non-Major Capital Projects Funds		Total Non-Major Governmental Funds
2006 Debt Service Fund	2005 Debt Service Fund	2006 Capital Projects Fund	2005 Building & Site Fund	
\$ 11,917	\$ 955,696	\$ 24,141	\$ 37,366	\$ 1,259,342
-	-	-	-	1,977
\$ 11,917	\$ 955,696	\$ 24,141	\$ 37,366	\$ 1,261,319
\$ -	\$ -	\$ -	\$ -	\$ 4,358
-	-	-	-	14,988
-	-	-	-	19,346
-	-	-	-	1,977
11,917	955,696	-	-	967,613
-	-	24,141	37,366	272,383
11,917	955,696	24,141	37,366	1,241,973
\$ 11,917	\$ 955,696	\$ 24,141	\$ 37,366	\$ 1,261,319

SAUGATUCK PUBLIC SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	Non-Major Special Revenue Funds		
	<u>Food Service</u>	<u>Athletic</u>	<u>Community Recreation</u>
REVENUES			
Milk and Lunch Sales			
One Child, Type A and Special Milk	\$ 116,382	\$ -	\$ -
Adult Lunch, Catering, Vending and Other	42,861	-	-
Admissions	-	38,586	35,343
Property Taxes	-	-	116,774
Investment Income	2,164	483	4,014
Local Sources	2,986	-	7,492
State Aid and At-Risk	11,577	-	-
Federal Aid	164,398	-	-
Total Revenues	340,368	39,069	163,623
EXPENDITURES			
Food Purchases	145,150	-	-
Labor	96,130	137,150	56,706
Purchased Services	12,677	67,381	26,450
Athletic Equipment			
Supplies and Fees	-	22,263	35,906
Materials, Supplies and Other	37,824	8,254	-
Bond Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
Capital Outlay & Construction	15,604	-	-
Employee Benefits and Payroll Taxes	50,510	40,155	27,900
Total Expenditures	357,895	275,203	146,962
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(17,527)	(236,134)	16,661
OTHER FINANCING SOURCES (USES)			
Transfer from Other Funds	-	236,134	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(17,527)	-	16,661
FUND BALANCES AT BEGINNING OF YEAR	103,473	-	110,246
FUND BALANCES AT END OF YEAR	\$ 85,946	\$ -	\$ 126,907

Non-Major Debt Service Funds		Non-Major Capital Projects Funds		Total Non-Major Governmental Funds
2006 Debt Service Fund	2005 Debt Service Fund	2006 Capital Projects Fund	2005 Building & Site Fund	
\$ -	\$ -	\$ -	\$ -	\$ 116,382
-	-	-	-	42,861
-	-	-	-	73,929
394,600	1,304,701	-	50,626	1,866,701
3,436	22,362	1,327	1,198	34,984
-	-	-	-	10,478
-	-	-	-	11,577
-	-	-	-	164,398
398,036	1,327,063	1,327	51,824	2,321,310
-	-	-	-	145,150
-	-	-	-	289,986
-	-	-	-	106,508
-	-	-	-	58,169
-	-	-	-	46,078
365,000	430,000	-	-	795,000
30,759	442,334	-	-	473,093
-	-	70,119	36,383	122,106
-	-	-	-	118,565
395,759	872,334	70,119	36,383	2,154,655
2,277	454,729	(68,792)	15,441	166,655
-	-	-	-	236,134
2,277	454,729	(68,792)	15,441	402,789
9,640	500,967	92,933	21,925	839,184
\$ 11,917	\$ 955,696	\$ 24,141	\$ 37,366	\$ 1,241,973

**SAUGATUCK PUBLIC SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2008**

	<u>Final</u> <u>Budget</u>	<u>Actual</u> <u>2008</u>	<u>Over (Under)</u> <u>Budget</u>	<u>Actual</u> <u>2007</u>
REVENUES				
Local Sources				
Property Taxes	\$ 5,213,830	\$ 5,215,231	\$ 1,401	\$ 4,480,433
Income from Investments	66,000	66,075	75	89,938
Tuition	56,117	57,508	1,391	85,764
Rent of School Facilities	5,500	5,180	(320)	339
Miscellaneous	9,000	10,910	1,910	4,602
Contributions and Grants	-	-	-	61,772
Totals	5,350,447	5,354,904	4,457	4,722,848
State Sources				
State Aid	1,951,780	1,951,780	-	2,665,611
Bus Driver Training	505	506	1	-
Special Education	191,805	191,805	-	230,874
EDP Career Prep Grant	1,000	1,018	18	-
Health & Wellness Grant	-	-	-	1,600
MS Math Grant	-	-	-	9,029
Totals	2,145,090	2,145,109	19	2,907,114
Federal Sources				
Homeland Security Grant	-	-	-	1,372
Title I	130,848	130,848	-	104,301
Title II-A	25,316	25,316	-	25,254
Title V	177	177	-	584
Title VI	1,224	1,224	-	1,071
IDEA Grant	160,463	160,404	(59)	157,818
Drug Free Schools	2,526	2,526	-	2,313
Medicaid Medbill	549	1,524	975	2,011
E-Rate	5,320	5,320	-	-
Totals	326,423	327,339	916	294,724
Other School Districts and Other Sources				
Intermediate District and Other Districts				
Special Education -				
Instruction and Support Services	642,580	637,455	(5,125)	498,914
TOTAL REVENUES	8,464,540	8,464,807	267	8,423,600

**SAUGATUCK PUBLIC SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2008**

	<u>Final</u> <u>Budget</u>	<u>Actual</u> <u>2008</u>	<u>Over (Under)</u> <u>Budget</u>	<u>Actual</u> <u>2007</u>
EXPENDITURES				
Instruction - Basic Program				
Pre-Kindergarten				
Teaching Salaries	\$ 36,966	\$ 36,966	\$ -	\$ 30,033
Substitutes and Aides	10,295	10,374	79	11,091
Purchased Services	400	362	(38)	-
Teaching Supplies	1,125	1,122	(3)	690
Miscellaneous	100	-	(100)	100
Fringe Benefits and Payroll Taxes	26,450	26,592	142	10,410
Elementary				
Teaching Salaries	1,305,885	1,305,360	(525)	1,211,088
Substitutes and Aides	34,375	35,683	1,308	41,545
Purchased Services	13,600	13,880	280	12,494
Teaching Supplies	15,121	14,603	(518)	17,648
Textbooks	31,230	31,106	(124)	14,900
Maintenance and Repairs	400	-	(400)	260
Rental of Equipment	14,300	14,960	660	8,989
Fringe Benefits and Payroll Taxes	669,387	666,834	(2,553)	624,245
Middle School				
Teaching Salaries	390,504	390,507	3	369,857
Substitutes and Aides	18,000	15,512	(2,488)	14,567
Purchased Services	8,220	8,221	1	9,897
Teaching Supplies	10,350	10,344	(6)	7,487
Textbooks	2,386	2,023	(363)	4,974
Maintenance and Repairs	200	183	(17)	-
Fringe Benefits and Payroll Taxes	210,288	199,500	(10,788)	188,354
High School				
Teaching Salaries	1,020,268	1,017,652	(2,616)	944,882
Substitutes and Aides	2,825	2,751	(74)	3,030
Purchased Services	48,835	48,867	32	52,589
Teaching Supplies	37,862	37,201	(661)	39,404
Textbooks	19,145	19,130	(15)	20,099
Miscellaneous	1,500	1,477	(23)	1,490
Maintenance and Repairs	2,690	1,682	(1,008)	3,734
Rental of Equipment	11,100	9,293	(1,807)	9,680
Fringe Benefits and Payroll Taxes	516,916	504,867	(12,049)	501,648
Totals	4,460,723	4,427,052	(33,671)	4,155,185

**SAUGATUCK PUBLIC SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2008**

	<u>Final</u> <u>Budget</u>	<u>Actual</u> <u>2008</u>	<u>Over (Under)</u> <u>Budget</u>	<u>Actual</u> <u>2007</u>
EXPENDITURES (CONTINUED)				
Instruction - Added Needs				
Special Education				
Salaries	\$ 325,038	\$ 323,231	\$ (1,807)	\$ 319,553
Purchased Services	18,754	10,951	(7,803)	8,860
Teaching Supplies	2,339	2,339	-	1,505
Textbooks	1,180	1,114	(66)	1,826
Services - Other Public Schools	65,500	52,469	(13,031)	86,358
Fringe Benefits and Payroll Taxes	147,180	142,890	(4,290)	162,383
Compensatory Education				
Teaching Salaries	89,281	89,224	(57)	84,312
Miscellaneous	12,533	12,367	(166)	5,903
Fringe Benefits and Payroll Taxes	34,342	34,500	158	43,404
Totals	696,147	669,085	(27,062)	714,104
TOTAL INSTRUCTION	5,156,870	5,096,137	(60,733)	4,869,289
Support Services - Pupil				
Guidance				
Director Salary	75,505	75,505	-	71,518
Counseling Salary	-	-	-	23,684
Secretarial Salaries	8,850	8,850	-	8,531
Travel	2,715	2,712	(3)	1,190
Dues and Fees	100	100	-	208
Office Supplies	700	700	-	897
Fringe Benefits and Payroll Taxes	34,707	35,539	832	36,863
Health Services				
Salaries	25,165	24,367	(798)	24,634
Purchased Services	26,900	25,148	(1,752)	11,719
Supplies	811	732	(79)	1,602
Dues and Fees	80	53	(27)	63
Fringe Benefits and Payroll Taxes	8,123	8,073	(50)	7,316
Psychological Services				
Purchased Services	42,500	42,500	-	40,628
Other Expenses	120	120	-	1,622
Speech Therapist				
Salaries	66,012	66,012	-	64,276
Other Expenses	495	386	(109)	262
Fringe Benefits and Payroll Taxes	31,093	31,181	88	29,992
Social Worker				
Salaries	57,365	57,365	-	54,878
Other Expenses	1,305	819	(486)	639
Fringe Benefits and Payroll Taxes	26,099	26,049	(50)	25,067
Other Pupil Services				
Extra-Curricular Activities - Salaries	39,624	39,644	20	54,957

SAUGATUCK PUBLIC SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2008

	<u>Final</u> <u>Budget</u>	<u>Actual</u> <u>2008</u>	<u>Over (Under)</u> <u>Budget</u>	<u>Actual</u> <u>2007</u>
EXPENDITURES (CONTINUED)				
Support Services - Pupil (Continued)				
Other Pupil Services (Continued)				
Contracted Services	\$ 1,375	\$ 1,342	\$ (33)	\$ 2,862
Student Insurance	1,288	1,284	(4)	1,284
Supplies and Miscellaneous	7,945	7,138	(807)	9,077
Fringe Benefits and Payroll Taxes	10,585	9,826	(759)	14,531
Totals	469,462	465,445	(4,017)	488,300
Support Services - Instructional Staff				
Improvement of Instruction				
Salary	20,000	16,436	(3,564)	19,978
Travel and Workshops	20,381	20,909	528	19,523
Professional Development	25,316	25,316	-	25,254
In-Service	22,080	21,785	(295)	24,585
Miscellaneous	2,703	2,703	-	2,899
Fringe Benefits and Payroll Taxes	7,495	3,993	(3,502)	4,968
Library				
Librarian Salaries	40,441	40,617	176	36,741
Books	2,329	2,329	-	2,081
Periodicals	556	555	(1)	629
Audio-Visual Supplies	540	541	1	482
Online Services	1,200	1,200	-	1,074
Maintenance and Repairs	1,650	1,607	(43)	655
Supplies	1,010	912	(98)	845
Travel and Workshops	100	46	(54)	-
Dues	100	100	-	100
Fringe Benefits and Payroll Taxes	11,756	11,880	124	10,112
Learning				
Salary	62,913	62,913	-	60,433
Testing Supplies & Materials	6,300	6,300	-	5,484
Travel	500	237	(263)	326
Miscellaneous	3,400	3,215	(185)	433
Fringe Benefits and Payroll Taxes	19,611	19,960	349	22,541
Other				
Technology Director Salary	65,348	65,348	-	57,630
Contracted Services	37,306	36,568	(738)	41,885
Repairs and Maintenance	4,000	3,406	(594)	10,104
Supplies	8,000	7,996	(4)	8,246
Fringe Benefits and Payroll Taxes	29,561	29,696	135	27,984
Totals	394,596	386,568	(8,028)	384,992

**SAUGATUCK PUBLIC SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2008**

	<u>Final</u> <u>Budget</u>	<u>Actual</u> <u>2008</u>	<u>Over (Under)</u> <u>Budget</u>	<u>Actual</u> <u>2007</u>
EXPENDITURES (CONTINUED)				
Support Services - General Administration				
Board of Education				
Conferences - Board Meetings	\$ 1,275	\$ 1,341	\$ 66	\$ 1,197
Legal	9,205	9,946	741	8,921
Audit	19,475	18,975	(500)	19,025
Travel and Workshops	100	92	(8)	-
Yearbook	690	682	(8)	720
Election Expense	11,235	10,325	(910)	4,114
Postage	550	529	(21)	538
Office Supplies	850	840	(10)	1,841
Dues and Fees	3,150	3,141	(9)	2,567
Miscellaneous	175	175	-	300
Contracted Services	4,510	4,658	148	20,919
Totals	51,215	50,704	(511)	60,142
Executive Administration				
Superintendent Salary	151,613	151,113	(500)	141,221
Travel Stipend	6,361	6,361	-	6,045
Executive Secretary Salary	43,393	43,356	(37)	41,492
Contracted Services	4,445	3,604	(841)	2,453
Travel and Workshops	7,400	6,366	(1,034)	5,598
Postage	1,500	1,179	(321)	592
Office Supplies	3,000	2,726	(274)	2,795
Dues and Fees	1,184	1,316	132	1,462
Fringe Benefits and Payroll Taxes	61,100	57,027	(4,073)	62,851
Totals	279,996	273,048	(6,948)	264,509
Support Services - School Administration				
Office of the Principal				
Salaries				
Principal	163,043	163,043	-	157,054
Secretarial	149,574	150,948	1,374	130,600
Travel and Workshops	2,201	1,821	(380)	1,656
Postage	4,800	4,789	(11)	5,965
Office Supplies	4,899	4,758	(141)	6,155
Advertising	6,520	6,323	(197)	2,336
Dues and Fees	782	782	-	1,011
Fringe Benefits and Payroll Taxes	155,975	149,195	(6,780)	142,230
Totals	487,794	481,659	(6,135)	447,007

**SAUGATUCK PUBLIC SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2008**

	<u>Final</u> <u>Budget</u>	<u>Actual</u> <u>2008</u>	<u>Over (Under)</u> <u>Budget</u>	<u>Actual</u> <u>2007</u>
EXPENDITURES (CONTINUED)				
Support Services - Business				
Fiscal Services				
Finance Director Salary	\$ 94,737	\$ 94,737	\$ -	\$ 89,929
Bookkeeper Salary	44,662	44,662	-	42,902
Postage	3,000	2,587	(413)	998
Unemployment Consultants	3,507	3,506	(1)	6,160
Travel and Workshops	4,300	4,040	(260)	3,941
Office Supplies	2,700	2,758	58	2,654
Dues & Fees	1,000	1,032	32	365
Insurance	31,786	31,786	-	35,336
Tax Collection Fees	16,838	16,839	1	15,844
Taxes Charged Back	65,410	65,411	1	26,631
Asset Appraisal	720	720	-	330
Bank Charges	-	191	191	677
Fringe Benefits and Payroll Taxes	65,375	62,904	(2,471)	62,413
Totals	334,035	331,173	(2,862)	288,180
Operation and Maintenance of Plant				
Salaries				
Supervisor	6,474	6,473	(1)	6,219
Custodial	34,560	37,199	2,639	69,784
Travel and Workshops	270	-	(270)	-
Telephone	10,000	8,480	(1,520)	10,351
Heating	78,200	77,194	(1,006)	90,094
Electricity	144,600	143,761	(839)	139,812
Water and Sewage	16,890	15,805	(1,085)	17,820
Refuse	4,900	4,460	(440)	5,244
Insurance	2,550	2,550	-	2,550
Contracted Services	282,300	284,408	2,108	267,266
Rental of Equipment	250	-	(250)	-
Maintenance and Repairs	500	-	(500)	-
Custodial Supplies	51,000	49,621	(1,379)	57,011
Fringe Benefits and Payroll Taxes	27,202	26,427	(775)	45,083
Totals	659,696	656,378	(3,318)	711,234
Pupil Transportation				
Salaries				
Supervisor	6,473	6,473	-	6,219
Bus Drivers	84,830	81,271	(3,559)	92,833
Secretary	4,000	4,000	-	4,026
Director of Fleet Maintenance	40,000	40,391	391	38,145

SAUGATUCK PUBLIC SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2008

	<u>Final</u> <u>Budget</u>	<u>Actual</u> <u>2008</u>	<u>Over (Under)</u> <u>Budget</u>	<u>Actual</u> <u>2007</u>
EXPENDITURES (CONTINUED)				
Support Services - Business (Continued)				
Pupil Transportation (Continued)				
Telephone	\$ 500	\$ 408	\$ (92)	\$ 373
Travel and Workshops	250	234	(16)	271
Drug/Alcohol Testing	725	712	(13)	579
Office Supplies	400	168	(232)	394
Interurban	500	324	(176)	-
Contracted Services	17,375	15,277	(2,098)	9,022
Insurance	6,405	6,405	-	6,292
Gas, Oil and Lubrication	33,000	34,148	1,148	24,432
Tires and Tubes	2,200	2,153	(47)	2,182
Parts for Buses	5,500	5,420	(80)	6,935
Other Supplies	1,100	865	(235)	826
Dues and Fees	775	761	(14)	758
Fringe Benefits and Payroll Taxes	44,778	41,137	(3,641)	44,946
Totals	248,811	240,147	(8,664)	238,233
Other				
Newsletter Stipend	7,091	6,721	(370)	6,845
Negotiations and Staff Relations	7,000	7,125	125	17,113
District Mail Services	365	382	17	385
Health Services	4,325	4,326	1	7,668
Public Relations	28,000	29,170	1,170	28,220
Fringe Benefits and Payroll Taxes	1,728	1,644	(84)	1,712
Totals	48,509	49,368	859	61,943
TOTAL SUPPORT SERVICES	2,974,114	2,934,490	(39,624)	2,944,540

**SAUGATUCK PUBLIC SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2008**

	<u>Final</u> <u>Budget</u>	<u>Actual</u> <u>2008</u>	<u>Over (Under)</u> <u>Budget</u>	<u>Actual</u> <u>2007</u>
EXPENDITURES (CONTINUED)				
Capital Outlay				
Instruction				
New Equipment	\$ 2,837	\$ 2,834	\$ (3)	\$ 25,460
Support Services				
New Equipment	33,265	33,147	(118)	110,926
Bus Purchases	82,016	82,016	-	-
Total Support Services Capital Outlay	115,281	115,163	(118)	110,926
TOTAL CAPITAL OUTLAY	118,118	117,997	(121)	136,386
Debt Service				
Principal Retirement and Interest	43,540	43,539	(1)	44,412
TOTAL EXPENDITURES	8,292,642	8,192,163	(100,479)	7,994,627
EXCESS OF REVENUES OVER EXPENDITURES	171,898	272,644	100,746	428,973
OTHER FINANCING SOURCES (USES)				
Operating Transfers to Athletic Fund	(240,415)	(236,134)	(4,281)	(240,450)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(68,517)	36,510	105,027	188,523
FUND BALANCE AT BEGINNING OF YEAR	1,543,459	1,543,459	-	1,354,936
FUND BALANCE AT END OF YEAR	\$ 1,474,942	\$ 1,579,969	\$ 105,027	\$ 1,543,459

**SAUGATUCK PUBLIC SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
AGENCY FUNDS
SCHEDULE OF CHANGES IN AMOUNTS DUE TO (FROM) CLUBS
AND ORGANIZATIONS
YEAR ENDED JUNE 30, 2008**

	Due to (from) Clubs and Organizations July 1, <u>2007</u>	<u>Additions</u>	<u>Deductions</u>	Due to (from) Clubs and Organizations June 30, <u>2008</u>
Art	\$ 3,476	\$ 4,625	\$ 5,659	\$ 2,442
Art Department	606	2,056	2,512	150
Band	168	806	960	14
Drama	2,447	1,560	2,043	1,964
Drivers' Education	891	-	891	-
Class of 2008	7,399	10,505	12,522	5,382
Class of 2009	2,967	7,586	4,170	6,383
Class of 2010	731	3,808	972	3,567
Class of 2011	-	4,710	1,425	3,285
Elementary	39,438	53,275	47,583	45,130
Library	43	-	-	43
Field Trips	540	14,338	10,300	4,578
Rainforest	690	81,405	80,229	1,866
Middle School Yearbook	-	8	8	-
Yearbook and Newspaper	1,108	2,915	1,113	2,910
Miscellaneous	2,954	2,451	1,914	3,491
In and Out	2,081	15,433	17,514	-
Shop	-	15,950	10,966	4,984
Interest	1,888	2,315	651	3,552
Spanish Club	180	-	-	180
Sixth Grade Camp	3,017	9,371	7,977	4,411
Sixth Grade - LA	674	-	-	674
Middle School Student Council	1,087	11,458	11,347	1,198
Student Council Scholarship	1,418	-	1,000	418
Marsh Tournament	1,602	2,930	4,420	112
Academic Boosters	-	17	-	17
Community Recreation	-	207	3	204
Autism Account	-	350	-	350
Audio Books	-	500	226	274

**SAUGATUCK PUBLIC SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
AGENCY FUNDS
SCHEDULE OF CHANGES IN AMOUNTS DUE TO (FROM) CLUBS
AND ORGANIZATIONS (CONTINUED)
YEAR ENDED JUNE 30, 2008**

	Due to (from) Clubs and Organization July 1, <u>2007</u>	<u>Additions</u>	<u>Deductions</u>	Due to (from) Clubs and Organizations June 30, <u>2008</u>
Student Council - Senior High	\$ 1,018	\$ 460	\$ 588	\$ 890
Materials Deposit	9,285	2,045	-	11,330
Indian Golf Classic	-	575	575	-
Booster Spirit Wear	2,901	10,398	12,217	1,082
AP Testing	73	2,258	2,133	198
 Athletic Boosters	 2,206	 37,544	 32,156	 7,594
Athletic Fundraisers	12,361	33,732	36,605	9,488
Middle School Art	-	623	-	623
Soccer	315	150	465	-
Scholarship Plaque	500	-	476	24
 Track	 2,338	 3,804	 5,041	 1,101
Gym Rental	1,789	100	503	1,386
Pfizer Health Account	31	-	31	-
Prom Dress Exchange	682	-	-	682
Quiz Bowl	40	100	140	-
 Senior Parents 2008	 -	 13,173	 12,716	 457
Senior Parents 2009	-	3,591	367	3,224
Senior Parents 2011	-	760	-	760
Greenhouse Project	-	750	-	750
 College Class Fees	 -	 10,329	 10,629	 (300)
Parking Lot	11,052	27,836	32,459	6,429
Vernon Christopher Memorial	1,426	-	-	1,426
Cross Country	1,470	8,234	7,431	2,273
Youth in Government	377	7,635	6,996	1,016
 Totals	 \$ 123,269	 \$ 412,676	 \$ 387,933	 \$ 148,012